

Insurers Encourage Consumers to “Go Green” By Creating New Products and Services

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NEW YORK, December 14, 2009 ? The United Nations Climate Change conference being held in Copenhagen this month is a reminder of the wide range of new insurance products and services available to people interested in ?going green,? according to the Insurance Information Institute (I.I.I.).

More than 600 innovative, eco-friendly products and services are now offered by 244 insurers, reinsurers, brokers and insurance organizations in 29 states; 37 percent of those activities come from U.S. companies. Twenty-two companies now offer 39 products and services specifically designed for new green buildings, and green upgrades for existing buildings, either following a loss or in the course of normal renovations.

?Insurers have become good corporate citizens by creating important new green insurance products and services to reflect changes in society,? said Loretta Worters, vice president of the I.I.I.

Furthermore, one insurer has introduced the world?s first-ever insurance for humanitarian emergencies, which was purchased by the World Food Programme. The innovative approach tracks rainfall amounts and patterns and pays claims well in advance of when post-event relief would be distributed. ?By mobilizing aid faster than would be possible by traditional approaches, this product reduces human suffering and the overall costs of responding to humanitarian crises,? noted Worters.

Below is a list of some of the innovative green products, services and discounts now available from insurance companies.

Vehicles

- **Pay as You Drive (PAYD) insurance programs.** About two dozen insurers now offer PAYD programs in which a device or sensor in the car tracks miles driven, as well as speed. Depending on the program, different techniques are used to collect the information; some take odometer readings, others may use GPS systems. The information is then used to reward policyholders who drive fewer miles than the average driver by providing them with discounts.
- **Hybrid discounts.** Some auto insurance companies offer premium discounts up to 10 percent for those who drive hybrid vehicles. A similar discount may also apply to hybrid-electric boats and yachts.

Homes

Insurers are helping to promote sustainable building practices by offering green homeowners and commercial property policies. In addition, they are responding to the growing demand for assistance with energy and emissions-reduction projects with risk management services that address global warming. Products include:

- Premium discounts for those whose homes meet stringent efficiency and sustainability standards, e.g., LEED certified homes (LEED is short for the Leadership in Energy and Environmental Design Green Building Rating System, developed by the U.S. Green Building Council and is a recognized environmental standard in the building world).
- Homeowners coverage that replaces/rebuilds after a loss with more eco-friendly materials is often offered as an endorsement to a standard homeowners policy. Some companies will pay homeowners extra if they replace old kilowatt-hungry appliances with Energy-Star devices and recycle debris rather than send destroyed materials straight to a landfill. (The Energy-Star label means the appliances meet an energy-savings rating created by a joint program of the U.S. Environmental Protection Agency and the Department of Energy.)
- For homeowners who generate their own geothermal, solar or wind power and sell any surplus energy back to the local power grid, there are now policies that cover both the income lost when there is a power outage caused by a covered peril and the extra expense to the homeowner of temporarily buying electricity from another source. Policies generally cover the cost of getting back online, such as utility charges for inspection and reconnection.

Businesses

- Green commercial property insurance policies and endorsements?some of which are directed at specific segments of the business community such as manufacturers?allow building owners to replace standard systems and materials with green ones, such as energy efficient electrical equipment and interior lighting, water conserving plumbing and nontoxic and low odor paints and carpeting, after a loss. In the event of a total loss, the policy will often cover the cost of rebuilding as a green certified building. This coverage may also pay for engineering inspections of heating, ventilation, air-conditioning systems, building recertification fees, replacement of vegetative or plant covered roofs and debris recycling. Some cover the income lost and costs incurred when alternative energy generating equipment is damaged.

The I.I.I. is a nonprofit, communications organization supported by the insurance industry.